

Nintendo reports \$350 million profit, reversal from red ink

May 7 2015, by Yuri Kageyama



In this May 7, 2014 file photo, shoppers walk under the logo of Nintendo and Super Mario characters at an electronics store in Tokyo. Nintendo Co. reported Thursday, May 7, 2015 a net profit of 41.8 billion yen (\$350 million) for the fiscal year through March, a reversal from deep losses the previous year, as it reshapes its troubled business with an unprecedented foray into smartphone games. (AP Photo/Shizuo Kambayashi, File)

Nintendo Co. reported a net profit of 41.8 billion yen (\$350 million) for

the fiscal year through March, a reversal from deep losses the previous year, as it reshapes its troubled business with a long-delayed foray into smartphone games and plans to bring its video game characters to theme parks.

The result from the Kyoto-based maker of Super Mario video games and the Wii home console was better than its own forecast for a 30 billion yen (\$251 million) profit. It was in line with the forecast in a FactSet survey of analysts.

Nintendo, which did not break down quarterly figures, had a loss of 23.2 billion yen the previous fiscal year due to weak sales of its new Wii U machine.

The annual profit reported Thursday was the first for Nintendo since the fiscal year ended March 2011 and mainly due to the weak yen.

Nintendo did an about-face recently and said it's entering smartphone games, a segment it brushed off for years as irrelevant, insisting on the appeal of its game machines.

It announced in March that it was entering an alliance with Japanese mobile game company DeNA Co. to develop games for mobile devices. And on Thursday, Nintendo said that it will bring its video game characters to life in Universal theme parks, but declined to give any details of what the attractions will be or which characters will be featured.

Universal Parks & Resorts, which is owned by cable company Comcast Corp., owns and operates several theme parks and resorts around the world.

The falloff in appetite for game machines in the past few years is partly

because people are increasingly playing games or doing social media and other activities on smartphones. Nintendo has repeatedly had to lower prices on gadgets to woo buyers.

Nintendo pioneered game machines since the 1980s, developing one of the first machines on the market and the hit Game Boy handheld.

Its main rivals in the business are Sony Corp. with the PlayStation machines and Microsoft Corp. with the Xbox One machine. Both companies have done better in adapting to the era of online and mobile games.

Nintendo's fortunes have gotten a perk from the yen's weakness in the past year, which increases the value of overseas earnings. A strong yen had in the past battered Nintendo earnings.

The dollar was trading at about 120 yen this week, up from about 100 yen a year earlier.

Nintendo's sales for the fiscal year dipped nearly 4 percent to 549.8 billion yen (\$4.6 billion).

Nintendo is expecting profit for the fiscal year through March 2016 to climb to 35 billion yen (\$293 million), up 16 percent from the fiscal year ended March this year, as Pokemon characters and Luigi the plumber start arriving on smartphones and tablets.

It did not give details, except to say: "A new source of revenue is expected from a gaming application for smart devices which will be released this year."

Annual sales are projected to rise nearly 4 percent to 570 billion yen (\$4.8 billion).

Nintendo is expecting to sell 3.4 million Wii U machines for the fiscal year through March 2016, more than the 3.38 million sold for the fiscal year just ended.

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Citation: Nintendo reports \$350 million profit, reversal from red ink (2015, May 7) retrieved 24 April 2024 from <https://phys.org/news/2015-05-nintendo-million-profit-reversal-red.html>

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